

**Weil**

767 Fifth Avenue  
New York, NY 10153-0119  
+1 212 310 8000 tel  
+1 212 310 8007 fax

Gary T. Holtzer  
+1 (212) 310-8463  
gary.holtzer@weil.com

February 10, 2022

**Via Email and ECF**

Honorable Martin Glenn  
United States Bankruptcy Court  
Southern District of New York  
One Bowling Green, Courtroom 523  
New York, NY 10004-1408

***Re: In re All Year Holdings Limited, Chapter 11 Case No. 21-12051 (MG)***

Dear Judge Glenn:

We represent All Year Holdings Limited, as debtor and debtor in possession (the “**Parent Debtor**”) in the above-referenced chapter 11 case (the “**Chapter 11 Case**”). We submit this letter in advance of the upcoming status conference scheduled for February 14, 2022, at 10:00 a.m. (Prevailing Eastern Time) to update the Court on, among other things, (i) the Parent Debtor’s ongoing sale and marketing process, (ii) the closing of the recapitalization transaction involving non-debtor All Year Equity Partners LLC (“**All Year Equity Partners**”), (iii) certain discussions regarding potential transactions involving the William Vale hotel, and (iv) certain other miscellaneous and administrative matters. Each of these matters is discussed in further detail below.

***The Parent Debtor’s Sale and Marketing Process***

As discussed at the initial case conference held on January 10, 2021 (the “**Initial Case Conference**”), the Parent Debtor has been engaged in a robust and wide-ranging public process to solicit interest and offers from potential third-party investors to either recapitalize the Parent Debtor or undertake an outright purchase of the Parent Debtor. To that end, the Parent Debtor engaged Meridian Capital Group, LLC (“**Meridian**”) in April 2021 to assist with the sale and marketing process. At the Parent Debtor’s direction, Meridian has, among other things, (i) conducted site visits of all 118 properties, (ii) created and distributed a detailed 260 plus page offering memorandum, (iii) identified approximately 40 potential bidders with the financial capabilities to sponsor an exit transaction, and (iv) conducted over 100 zoom and telephonic sessions with potential bidders. As a result of this robust and comprehensive effort, six bidders emerged.

Since the Initial Case Conference, the Parent Debtor has continued to engage with various investors and other parties in interest on the terms of a potential restructuring transaction for the Parent Debtor’s real estate portfolio. At this stage, the Parent Debtor’s efforts are primarily focused on a small number of potential bidders and the parties have exchanged several drafts of definitive agreements. In addition, extensive and productive discussions have taken place between and among the various bidders,

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the Parent Debtor, and counsel for Mishmeret Trust Company Ltd., as trustee (the “**Trustee**”) for the Parent Debtor’s various series of bonds, its largest creditor constituency.

The Parent Debtor believes it is close to finalizing its selection of an exit transaction and is optimistic it will be in a position to announce a transaction in the next several weeks, and expects a chapter 11 plan and disclosure statement to be filed shortly thereafter. The Parent Debtor will continue to keep the Court aware of any material updates with respect to the sale and marketing process.

### ***Closing of the All Year Equity Partners Recapitalization Transaction***

Following the entry of the Court’s order, dated January 25, 2022 [ECF No. 34] approving the motion, dated January 14, 2022 [ECF No. 25], for approval of the comprehensive settlement and restructuring involving All Year Equity Partners (the “**AYEP Motion**”), the respective parties commenced the necessary steps to consummate the recapitalization and other transactions contemplated under the terms of the restructuring. The Parent Debtor is pleased to report that the closing on the Recapitalization Agreement (as defined in the AYEP Motion) and the other transactions contemplated thereby occurred on February 3, 2022, well in advance of the outside date for closing provided under that agreement.

### ***Potential Transactions Involving the William Vale Hotel***

The William Vale hotel, located in Brooklyn, New York, is a luxury hotel owned by non-debtor Wythe Berry Fee Owner LLC (“**Wythe Berry Fee Owner**”). The Parent Debtor indirectly holds a 50% ownership interest in Wythe Berry Fee Owner through one of its non-debtor subsidiaries, YG WV LLC. The remaining 50% interest is held by Mr. Zelig Weiss. Wythe Berry LLC, an entity controlled by Mr. Weiss (“**Lessee**”), is the lessee of the William Vale property pursuant to a ground lease with the direct owner of the property (the “**Lease**”). As set forth in the First Day Declaration,<sup>1</sup> the Parent Debtor’s Series C bonds are secured by a loan and mortgage on the William Vale property which is held by the Trustee (the “**Loan and Mortgage**”).

Prior to the commencement of the Chapter 11 Case, Lessee defaulted under the Ground Lease as a result of, among other things, the failure to make required lease payments under the Lease since February 1, 2021. As a result of Lessee’s defaults, Wythe Berry Fee Owner delivered a Notice of Termination of the Lease on May 20, 2021. In addition, Wythe Berry Fee Owner commenced an action against Lessee in the New York State Supreme Court, Commercial Division (the “**New York Court**”) for a determination that the Lease was terminated. By order dated December 6, 2021, the New York Court ordered Lessee to make a payment of \$7,500,000 on or before February 1, 2022 to Wythe Berry Fee Owner for “use and occupancy” of the Hotel during the pendency of the litigation. On February 1, 2022, Wythe Berry Fee Owner and the Lessee entered into a stipulation, pursuant to which Lessee paid \$7,500,000 to Wythe Berry Fee Owner in accordance with the order of the New York Court, which funds were paid to the Trustee, on behalf of the Series C bondholders. The payment was made without prejudice to both Wythe Berry Fee Owner and Lessee. On February 2, 2022, the Parent Debtor

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<sup>1</sup> See Declaration of Assaf Ravid Pursuant to Local Bankruptcy Rule 1007-2 in Support of All Year Holdings Limited’s Chapter 11 Petition, dated December 14, 2021 [ECF No. 4] (the “**First Day Declaration**”).

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published a report on the Tel Aviv Stock Exchange regarding the amounts paid by Lessee in connection with the state court litigation.

The Parent Debtor understands that the Trustee is engaged in discussions with various parties regarding potential transactions to sell the Loan and Mortgage that secures the Series C bonds, which would result in a significant reduction of the Series C bondholders' claims against the Parent Debtor's estate. The Parent Debtor is currently engaged in discussions regarding a potential transaction for the sale of YG WV LLC's 50% ownership interest in the limited liability company that owns Wythe Berry Fee Owner. The Parent Debtor will update the Court on any transactions involving the William Vale hotel.

***Miscellaneous Administrative Matters***

In addition to the matters discussed above, set forth below is a summary of several administrative matters concerning the Parent Debtor's Chapter 11 Case.

- Section 341 Meeting: On February 3, 2022, the Parent Debtor's meeting of creditors pursuant to section 341(a) of the Bankruptcy Code was conducted by the Office of the U.S. Trustee. In addition, the Parent Debtor and representatives of the U.S. Trustee's office also participated in an initial debtor interview on January 18, 2022.
- Schedules of Assets and Liabilities, Statement of Financial Affairs, and 2015.3 Report: The Parent Debtor filed its schedules of assets and liabilities and statements of financial affairs on December 28, 2021 [ECF Nos. 15 & 16], which were amended on January 25, 2022 [ECF Nos. 36 & 37]. In addition, the Parent Debtor filed its initial Periodic Report Regarding Value, Operations, and Profitability of Entities in Which the Debtor's Estate Holds a Substantial or Controlling Interest pursuant to Bankruptcy Rule 2015.3 on January 19, 2022 [ECF No. 31].
- Retention of the Parent Debtor's Professionals: The Parent Debtor filed applications to retain Weil, Gotshal & Manges LLP, as its attorneys, and Meridian, as its exclusive real estate finance broker, on January 5, 2022 and January 14, 2022, respectively [ECF Nos. 18 & 30]. The objection deadline with respect to each of these retention applications has passed without any responses being received. The Parent Debtor is coordinating with the U.S. Trustee regarding any comments it may have to those applications, and expects to be in a position to submit proposed orders with respect to those retentions in short order. The Parent Debtor is also working with certain of its professionals to complete the requisite affidavits and retention questionnaires to be retained as ordinary course professionals in the Chapter 11 Case in accordance with the procedures approved by the Court by order dated February 1, 2022 [ECF No. 41].

We are available should the Court have any questions.

Respectfully submitted,

/s/ Gary T. Holtzer  
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